AFI 63-124

PERFORMANCE BASED SERVICE ACQUISITION (PBSA)

PHASE I TRAINING

BACKGROUND ON IMPLEMENTATION OF AFI 63-124

- **1 April 1999 – Initial Publication**
- **9 February 2004 – Interim Change**
- **1 Aug 2005 – First Revision**
- **9 Aug 2005 – AFMC delayed Implementation**
- **16 Sep 2005 – AFMC Implementation**

COURSE OBJECTIVE

Provide the student with the knowledge and skills required to perform QAP duties to ensure the government is receiving the services it contracts for

COURSE OVERVIEW

ATTENDEES

Quality Assurance Personnel

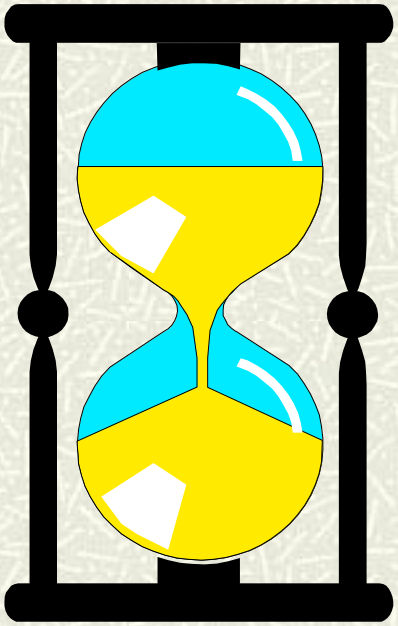
(Mandatory)

Multi-Functional Teams (MFT)

(Recommended)

COURSE MATERIALS:

- **AFI 63-124, 1 Aug 2005**
- **Slides/Note Pages**
- **QAP Assessment Documents**
- **Acronym/Abbreviations List**
- **Do’s & Don’ts for QAPs**



CLASS INTRODUCTIONS

- **Name**
- **Organization**
- **Type of Contract**
- **Experience**

PHILOSOPHY OF PBSA

The goal of PBSA is to design mission support strategies that obtain higher levels of:

- **contractor performance**
- **foster synergistic partnerships**
- **accommodate changing mission needs**
- **leverage commercial best practices**

PBSA PROCESS

PBSA begins with the planning of the acquisition by the MFT and consists of

- **Acquisition Strategy**
- **Market Research**
- **Write the PWS**
- **Write the PP**
- **Performance Metrics – Ensure that performance metrics align with the PWS and mission objectives**

APPLICATION OF AFI 63-124

This AFI is applicable to all Service Acquisitions with an annual contract value <u>above</u> the Simplified Acquisition Threshold (SAT) ($100,000.00) (FAR 2.101)

APPLICATION OF AFI 63-124

Exemptions in FAR 37.102 (a) (1)

Use performance based contracting methods to the maximum extent practicable, except for:

- **Architect-Engineer Services**
- **Construction**
- **Utility Services**
- **Services that are incidental to supply purchases**

DEFINITION OF A SERVICE CONTRACT

One which directly engages a contractor’s

time and effort whose primary purpose is

to perform an identifiable task rather than

furnish an end item of supply

PRINCIPLES OF PBSA

Some of the areas in which service contracts are found include the following:

- **Maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems or equipment**
- **Routine recurring maintenance of real property**
- **Housekeeping and base services**

PRINCIPLES OF PBSA

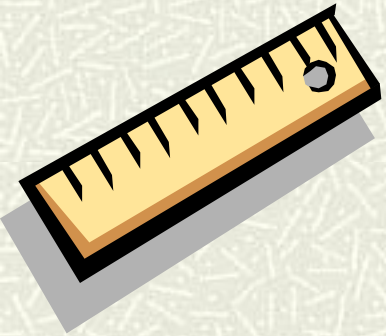
- **Advisory & Assistance services (A&AS)**
- **Operation of Government-owned equipment facilities and systems**
- **Communications services**
- **Architect-Engineering**
- **Transportation and related services**
- **Research and Development**

ELEMENTS OF PERFORMANCE-BASED

- **Requirements are outcome-based**
- **Includes performance thresholds**
- **Surveillance methods focus on end results, not the process**

BENEFITS OF PBSA

- **Reduces contract prices and improved performance**
- **Contain measurable performance requirements**
- **Provides contractor flexibility**



BENEFITS OF PBSA

- **Requires less surveillance**
- **Motivates contractors to use innovative and cost effective approaches**

STANDARDS OF CONDUCT ETHICS

- **Government Standards of Conduct**
- **Bribery**
- **Gratuities**

UNAUTHORIZED COMMITMENTS

An agreement that is not binding solely

because the government representative who

made it lacked the authority to enter into

agreement on behalf of the government

RATIFICATIONS

The act of approving an unauthorized commitment by an official who has the authority to do so

RATIFICATION PROCESS

- **Statement of Facts**
- **Management Corrective Action**
- **Contracting Officer’s Actions**
- **Ratification Authority**

RATIFICATION PROCESS

- **If approved**
- **If not approved**

FREEDOM OF INFORMATION ACT

Specifies how federal agencies will make their records available for public review

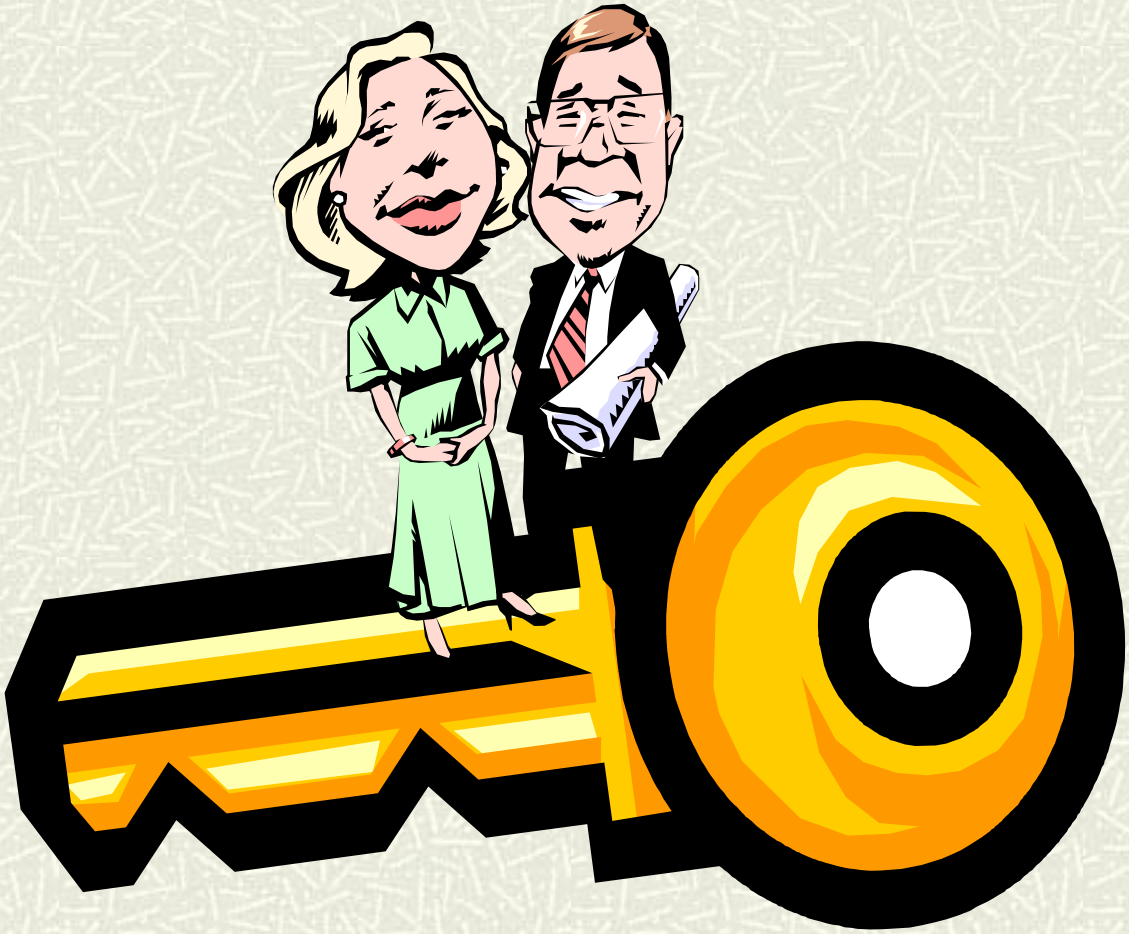
RELEASE OF INFORMATION

- **General Information**

- **Advance Acquisition Information**

KEY MANAGEMENT

DUTIES/RESPONSIBILITIES



SENIOR LEADERSHIP WING COMMANDER

- **Appoint a MFT and QAPC to ensure that service contracts meet mission needs and performance based service acquisitions**
- **Ensure a service acquisition is designed with performance-based mission support strategy to support contractor performance, partnerships, accommodates changing a desired mission needs**
- **Implement a Performance Management Assessment Program (Quality Program) to satisfy mission requirements**
- **Ensure performance management focuses on risk management, cost, schedule and**

CONTRACTING SQUADRON COMMANDER/75 CONS/CC

- Serves as the Business Advisor to Senior Leadership
- Providing the health of services acquisitions to senior leadership annually .
- Ensure MFT work IAW the FAR, DFARS, AFFARS
- Ensures the QAPC is appointed and training plans are tailored to local mission and responsibilities
- Ensures FC/FD receives training for PBSA
- Ensures consistent guidance to

FUNCTIONAL COMMANDER/FUNCTIONAL DIRECTOR (FC/FD)

- **Squadron commander or Division Chief**
- **Identify mission essential services DoDI 3020.37**
- **Assigns primary and alternate QAPs to each requirement**
- **Review QAPs assessment records to ensure it is compatible with contract and mission objectives**

FUNCTIONAL COMMANDER/FUNCTIONAL DIRECTOR (FC/FD)

- **Receive training from QAPC within 30 days of commencement of duties**
- **Provides written notification when QAPs are removed from the contract**
- **Notify QAPC when vacating the position**

QUALITY ASSURANCE PERSONNEL (QAP)

- **QAP must be appointed and trained prior to assuming QA responsibilities (Phase I and Phase II)**
- **Evaluate and document contractor's performance IAW the PP on Performance Assessment Report (PAR)**
- **Notify the CO of any performance deficiencies on the Corrective Action Report (CAR)**
- **Maintain assessment documentation**
- **Recommend improvements to the PP and PWS**

CONTRACTING OFFICER AFFARS MP5346.103

- **Advises the MFT on PP development**
- **Manages the listing of QAP assigned to the contract**
- **Issues duties & responsibilities letter to Contractor/QAP**
- **MFT advisor for developing incentives/remedies tied to performance**

OFFICER
AFFARS MP5346.103

- **Conducts Phase II Training (Contract Specific)**
- **Maintains contract file documentation Phase I and Phase II training**
- **Provide the following copies to the QAPC**

  PWS, PP, Nomination/Appointment Letters, Contractor QC Plan Letter, Modifications, Contractor and QAP Limitation Letters , Phase II

QUALITY ASSURANCE PROGRAM COORDINATOR (QAPC)

- **Supports the MFT in development of contract requirements**
- **Provides Phase I Training to QAP, FC/FD and MFT Members**
- **Reviews PWS/PP**
- **Processes/maintains/updates QAP appointment and delegation memos**

QUALITY ASSURANCE PROGRAM COORDINATOR (QAPC)

- Maintains a master file and database of contracts & QAP assigned to each contract, and training documentation
- Assists in market research efforts of the MFT to determine commercial QA practices
- Assists in the evaluation of the Contractor’s QC Plan
- Provides refresher training annually to ensure the QAPs are up to date on all required changes

SEVEN STEPS TO PERFORMANCE-BASED SERVICES ACQUISITION

1. Establish the team.
2. Decide what problem needs solving.
3. Examine private-sector and public-sector solutions.
4. Develop a PWS or SOO.
5. Decide how to measure and manage performance.
6. Select the right contractor.
7. Manage performance.

What do I need?
When do I need it?
How do I know if it's good when I get it?

http://www.arnet.gov/Library/OFPP/BestPractices/pbsc/home.html

ESTABLISH THE TEAM

1 Establish the team.

- **Ensure senior management involvement and support.**
- **Tap multi-disciplinary exper**
- **Define roles and responsibilities.**
- **Develop rules of conduct.**
- **Empower team members.**
- **Identify stakeholders and nurture consensus.**
- **Develop and maintain the knowledge base over the project life.**
- **"Incent" the team**

TEAM MEMBERSHIP

- **For complex requirements:**
  - **All stakeholders impacted by the service, CO, QAPC, QAP, FTR**
- **For less complex requirements:**
  - **CO, QAPC, QAP, FTR**

MULTI-FUNCTIONAL TEAM (MFT)

Consists of stakeholders that are responsible for acquisition throughout the life of the requirement

Duties and Responsibilities of the team includes:

- **Fostering partnerships with industry**
- **Provide support to senior leadership (metrics, data, briefings)**
- **Researching the commercial market to ensure MFT is using the most efficient and effective assessment methods**
- **Developing, implementing performance-based acquisition strategy**

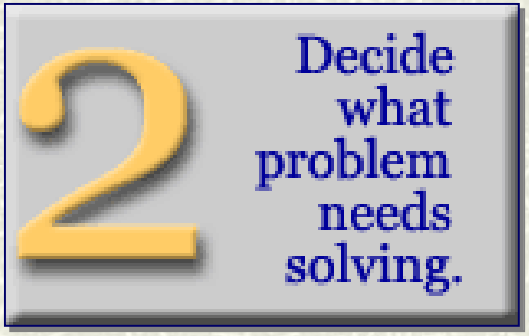
MULTI-FUNCTIONAL TEAM (MFT)

- **Manage risk to ensure mission is within cost and schedule constraints**
- **Developing, implementing and executing source selection**
- **Planning, programming and budgeting adequate funds**
- **Completing and reporting annual reviews IAW the Management and oversight of the Acquisition of Services Process (MOASP)**
- **Identifying opportunities to improve performance throughout**

MULTI-FUNCTIONAL TEAM (MFT)

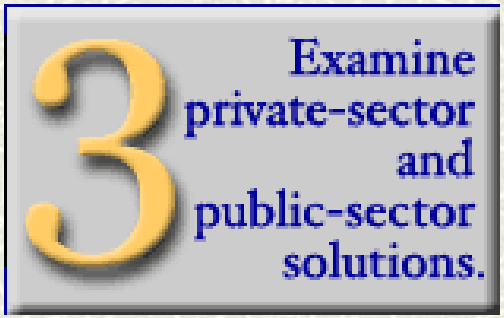
- **Assessing and managing contractor performance to submit CPARS report**
- **Measure performance IAW the PP**
- **Include contractor understands hazardous, safety, security and environmental concerns**
- **Approve the deviation authorized in para 1.8**

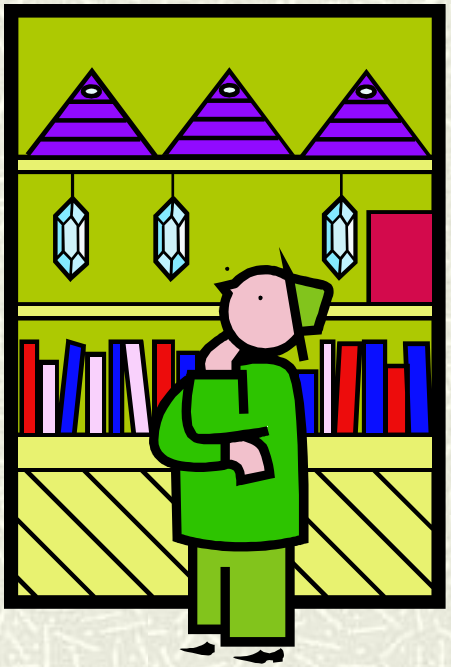
ANLALYZE/DEFINE REQURIEMENTS



- **Acquisition Planning**
- **Link acquisition to mission and performance objectives.**
- **Define (at a high level) desired results.**
- **Decide what constitutes success.**
- **Determine the current level performance.**

MARKET RESEARCH





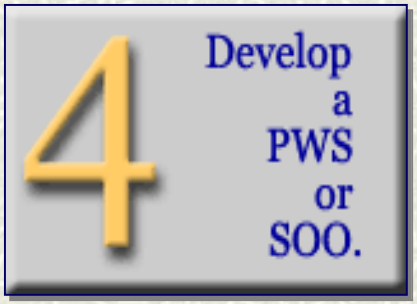
“ The ultimate goal of market research is to help the acquisition team members to become *informed consumers*. Information derived from market research will help the acquisition team develop the optimum strategy for meeting the requirement.”

Performance Based Service

MARKET RESEARCH

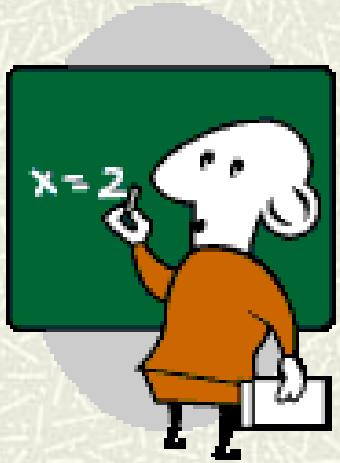
- **Take a team approach to market research.**
- **Spend time learning from public-sector counterparts.**
- **Talk to private-sector companies before structuring the acquisition.**
- **Consider one-on-one meetings with industry.**
- **Look for existing contracts.**
- **Document market research.**

DEVELOPING A PWS



Steps to Develop the:

- **PWS**
- **Services Summary (SS)**
- **Decide how to measure & manage performance**



PEFORMANCE-BASED REQUIREMENTS

PWS defines the requirements in terms of results rather than the method of performing the work.

OUTCOMES

Performance-Based Work Statement (PWS) requires:

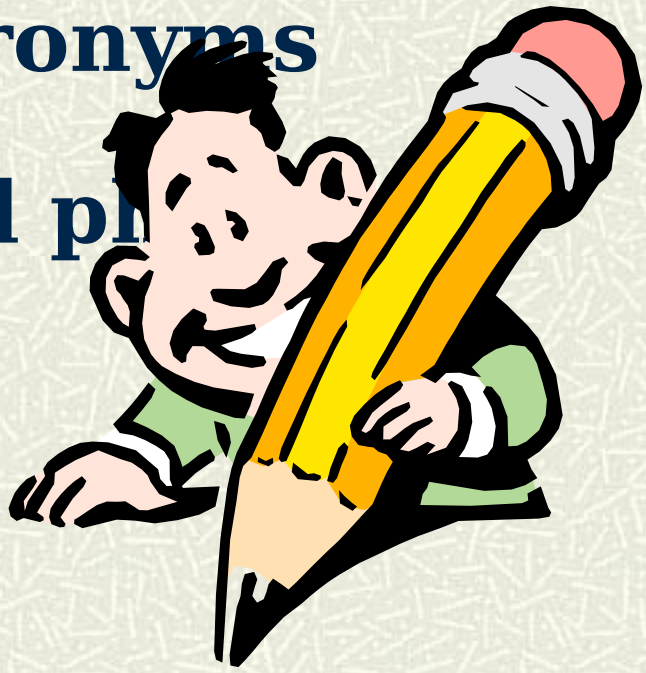
- **Requirements to be outcome based**
- **Outcomes must be measurable**
- **Contractor empowered to use best commercial practices and management innovation**

Specifying "How To" ***To: Specifying "What"***

C o n t i n u u m

WRITING A PERFORMANCE-BASED REQUIREMENT

- **Use precise terms**
- **Clear, concise wording**
- **Abbreviations and acronyms**
- **Ambiguous words and ph**



FORMAT

Examples are found in the SAF/ACQ Contracting Toolkit

http://www.safaq.hq.af.mil/contracting/affars/5337/library-5337-pbsa.html

Local electronic format is also available from QAPC

FORMAT

SECTION I.

- **Description of Services**
  - **Describes the services required under the contract**
  - **Defines those things the contractor would not know from the outcomes alone**

FORMAT

SECTION II.

- **Services Summary (SS)**

  A summary of the performance objective and performance threshold required by the government in contractor performance

SERVICES SUMMARY (SS)

Performance Objective	PWS Para.	Performance Threshold
Report generation from consolidated database to support our Customers	1.1	95% all reports are generated within three days

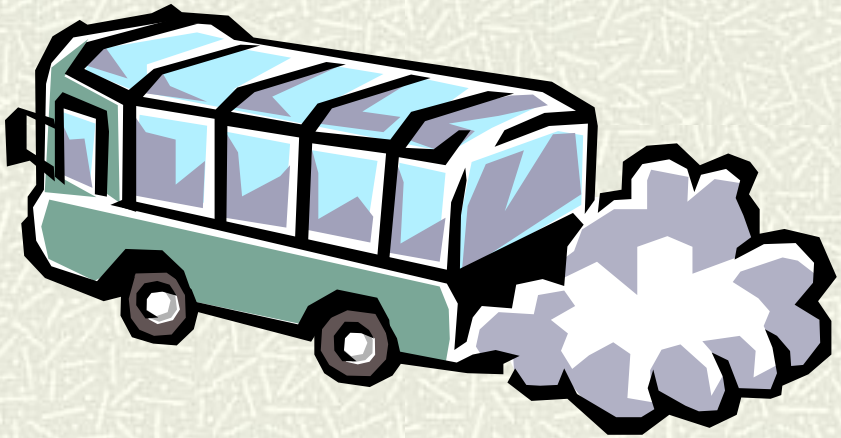
SERVICES SUMMARY (SS)

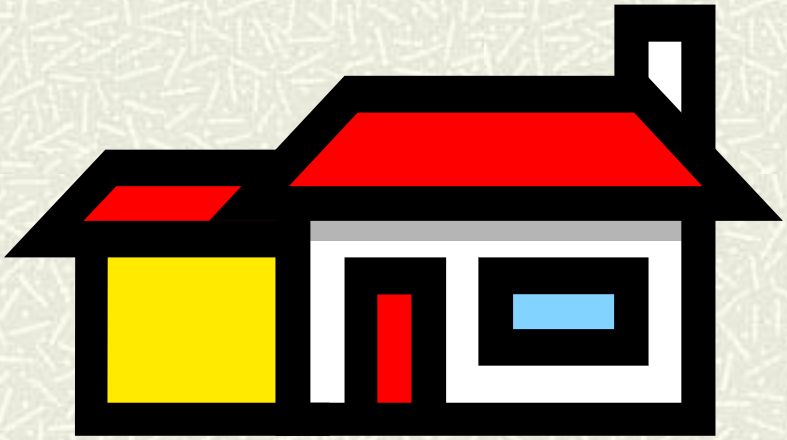
- **Captures the overall requirements at the outcome level**
- **“Bird’s eye” view of what is on the contract**

FORMAT

SECTION III.

- Government Furnished Property and Services





FORMAT

SECTION IV. General Information

QAP Responsibilities

Hours of Operations, Holidays

Contractor Quality Control Plan Requirements

Security Issues

DODI 3020.37 Identify Mission Essential Services IAW 63-124 para 2.7.1

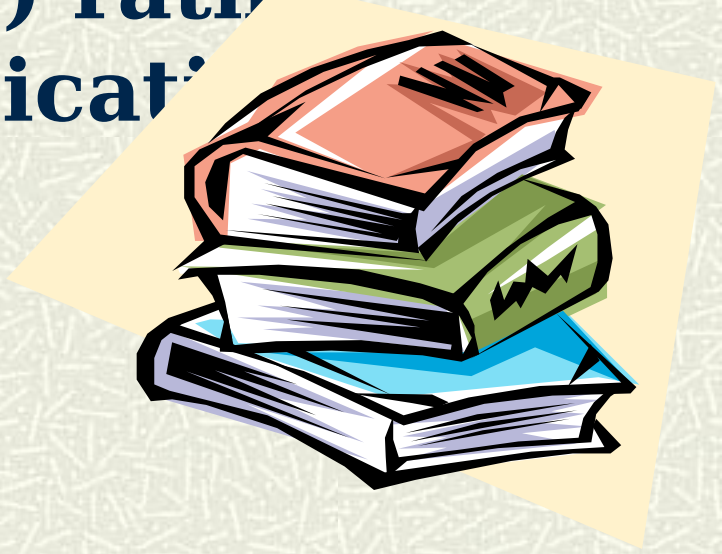
FORMAT

SECTION V. Appendices

- **Workload Estimates**
- **Maps**
- **Unique Definitions**
- **Listings of References**

REFERENCES

- **AFI 63-124 para 1.4.3 – Cite reference directives (publications, instructions) by specific process/procedure (paragraph, chapter) rather than the entire publicati**



PBSA PWS Examples - Yes, No, Maybe

3.1 Task 1. <u>MESA/PD model Manager</u>:

The contractor shall furnish appropriately skilled labor for the management of the XYZ analytical tool called "The Model for Electronic Support and Attack" (MESA) and "Passive Detection" (PD). Duties include software engineering support (requirements solicitation and analysis, software design and testing, verification/validation), tool deployment support, and end user training/support. In this role the contractor shall be expected to and make decisions regarding the design and functionality of MESA and PD models for the government during performance. Deliverables include: "Requirements Definition Documents" for use in the

PBSA PWS Examples - Yes, No, Maybe

1.2.3.2 Experience. A minimum of six years experience working in fuels is required; three years in base level general fuels, and three years in a fuels managerial capacity.

XXX The contractor shall have graduated from Harvard with a BS in Fuels Management.

XXX The contractor shall hire three people to man the service desk

XXX The contractor cannot wear "crop tops" and belly rings.

XXX The contractor shall turn off all lights upon leaving the room.

XXX The contractor shall turn off all water facets

PBSA PWS Examples - Yes, No, Maybe

Preservation is accomplished only if required by technical orders listed below and only if directed by the CO:

XXX. Accomplish engine preservation in IAW TO 1C-130B/H-2-4 or1C-130(H)H-2-2 and 1C-130H-2-00GE-00-1.

XXX. Remove aircraft storage battery and SCNS battery if installed, store, and maintain as directed in TO 8D2-1-31 or TO 8D2-3-1.

XXX. Treat the aircraft as directed in TOs

MEASURE AND MANAGE PERFORMANCE

5. Decide how to measure and manage performance.

- **Rely on commercial quality standards.**
- **Have the contractor propose the metrics**
- **Select only a few meaningful measures on which to judge success.**
- **Include contractual language for negotiated changes to the metrics and measures.**
- **Apply the contract-type order of precedence carefully.**
- **Use incentive-type contracts.**
- **Consider other incentive tools.**

PERFORMANCE PLAN (PP)

- **Provides a systematic method to evaluate the services the contractor is required to perform**
- **Elements of the Gov’t PP are not contractual**
- **Should be revised or modified as needed throughout the life of the contract**
- **Ensure the government receives acceptable contractor performance against contractual requirements**
- **Minimum surveillance of the**

PERFORMANCE PLAN (PP)

- **Contract assessment is the Prime responsibility of QAP**
- **Method of surveillance will determine how the QAP will actually evaluate the contractor’s performance**

CONTENTS OF THE PP

1. **Objective**
2. **Results expected by the MFT**
3. **Roles and responsibilities of the MFT**
4. **Strategy, methods & tools used to assess the contractor's performance**
5. **Management approach, methods & tools to validate objectives and goals**
6. **Incentive plan to validate the objective & goals of the MFT**

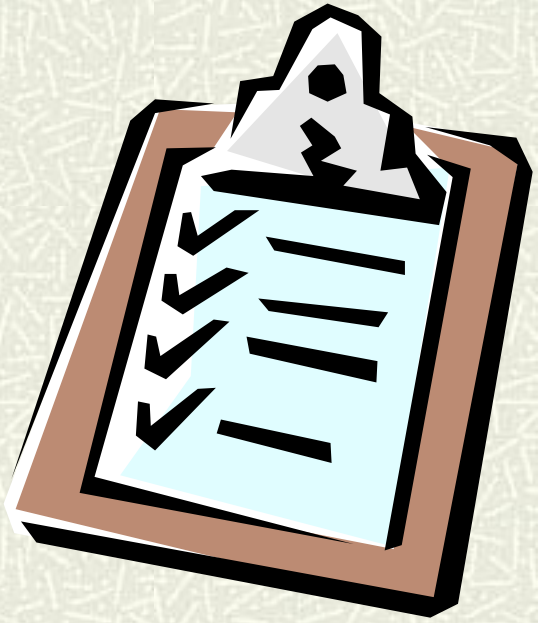
METHODS OF SURVEILLANCE

- **How to Determine what method to use:**
  - **Criticality of the task**
  - **Lot size**
  - **Availability of QAPs**
  - **Value of surveillance in relationship to cost or task criticality**
  - **Commercial practices as a result of**

PERIODIC SURVEILLANCE

- **Samples selected on other than 100% or statistically random basis**

- **Frequency**
  - **Weekly**
  - **Monthly**
  - **Quarterly**



RANDOM SAMPLING

- **Appropriate for frequently recurring tasks with a lot size of over 25**
- **Statistically based**
- **Assumes the government receives acceptable performance if a given percentage or number of scheduled inspections are**

CUSTOMER COMPLAINTS

QAP is the point of contact and must collect

all customer complaints and validate immediately

- **Can be used to validate information obtained through other sources**
- **Need to be validated**
- **Customer training**
- **Customer Complaint Record (CCR)**

ONE HUNDRED PERCENT INSPECTION

- **Inspecting the requirement every time it occurs**
- **May be required when**
  - **Critical impact**
  - **Occur infrequently**
  - **Have stringent requirem**

PERFORMANCE THRESHOLDS

- **Percentage of required conformance**
- **Number of allowable deviations from the performance objective to be considered acceptable**

PERFORMANCE THRESHOLDS

- **Should rarely be 100% or no deviations**
- **Directly affects the cost of the service**
- **May be industry-wide standards**

PERFORMANCE ASSESSMENT GUIDANCE FOR <u>RANDOM</u>

<u>SAMPLING PROCEDURES</u>

1. **Method of Surveillance:**
2. **Lot Size:**
3. **Sample Size:**
4. **Performance Threshold:**
   a. **Performance is <u>acceptable</u> when (Use your percentage or number of deviations on SS)**
   b. **Performance is <u>unacceptable</u> when (Use your percentage or number of deviations on SS)**
5. **Sampling Procedure: (How your random numbers were pulled).**
6. **Inspection Procedure:**

PERFORMANCE ASSESSMENT GUIDANCE FOR OTHER THAN RANDOM SAMPLING

1. **Method of Surveillance:**
2. **Performance Threshold:**
   a. **Performance is acceptable when (Use your percentage or number of deviations on SS)**
   b. **Performance is unacceptable when (Use your percentage or number of deviations on SS)**
3. **Inspection Procedures:**

SAMPLE OF SS AND METHOD OF SURVEILLANCE

Para 1.1 Report generation from consolidated database to support our Customers.

What is important in each of these requirements?

- **Timeliness, Accuracy, Cost, Customer interaction, "down time for the system/application"**
- **How will I determine if the contractor is performing?**

Performance Objective	PWS Para.	Performance Threshold	Method of Surveillance
Report generation from consolidated database to support our Customers	1.1	95% all reports are generated within three days *Timeliness*	Valid Customer Complaints for the reporting period or submission of report within 3 days

SS

PP

SAMPLE OF SS AND METHOD OF SURVEILLANCE

Para 1.1 Report generation from consolidated database to support our Customers.

What is important in each of these requirements to you?

- Timeliness, Accuracy, Cost, Customer interaction, "down time for the system/application"

- How will I determine if the contractor is performing?

Performance Objective	PWS Para	Performance Threshold	Method of Surveillance
Report generation from consolidated database to support our Customers	1.1	95% all reports are generated without errors *Accuracy*	Valid Customer Complaints for the reporting period

SS

P
P

REMEDIES

Negative Incentives

- **Increased assessments**
- **CPAR statements**
- **Award Fee Monies**
- **Inspection of Services Clause**

One size doesn’t fit all!!!

INSPECTION OF SERVICES FAR 52.246-4

- **This clause is in every service contract**
- **Gives the QAPs authority to perform inspections**
- **Provides the means for reduction of fee/price (amount = importance to contractor)**
- **Allows re-performance if possible at no additional cost**

AUTHORITY TO INSPECT

- **Implied Authority**
  - **Contracting Officer**

- **Expressed Authority**
  - **QAPs**

Do’s & Don’ts for QAPs

INCENTIVES

Positive Incentives (as applicable)

- Consider award fee and award term incentives
- Exercising of options
- Reduced assessment
- Performance incentive (Bonus on a FFP contract)
- Newspaper article on merits of contractor
- Participation in enterprise type meetings

Doesn’t have to be monetary

SELECT THE RIGHT CONTRACTOR

Compete the solution.

Emphasize past performance in evaluation.

Use oral presentations and other opportunities to communicate

Use best-value evaluation and source selection.

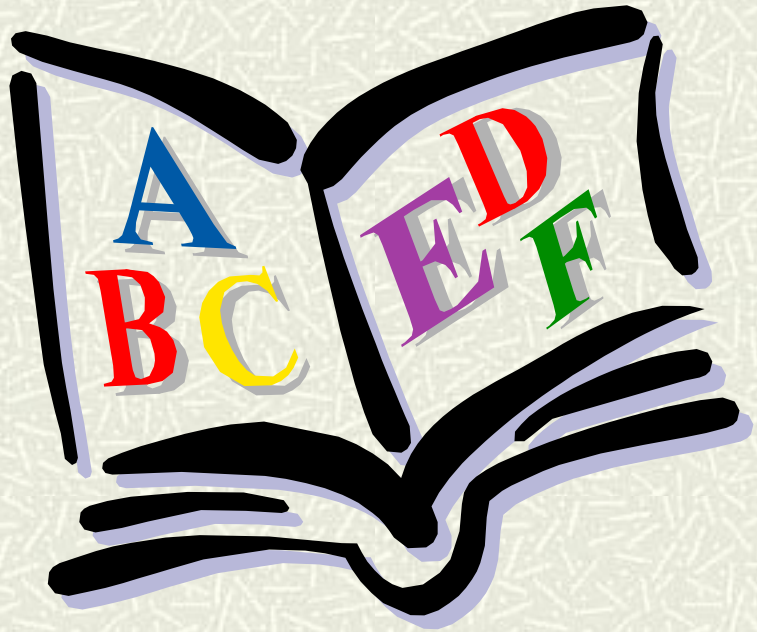
Assess solutions for issues of conflict of interes

PAST PERFORMANCE INFORMATION (PPI)

- **Enhance market research**
- **Help establish competitive range and make award decisions**
- **Provide a basis for discussing progress with contractors**
- **Help decide whether to exercise contract options**
- **Award decisions on task orders**
- **Aid in developing acquisition strategies**
- **Recognize good performers**

CONTRACTOR PERFORMANCE ASSESSMENT REPORTING SYSTEM (CPARS)

- **Annual requirement**
- **Contracts at or over $1,000,000 (Aggregate Total)**
- **AF adopted the Automated Navy System (www.cpars.navy.mil)**
- **Information is for "Official Use Only"**



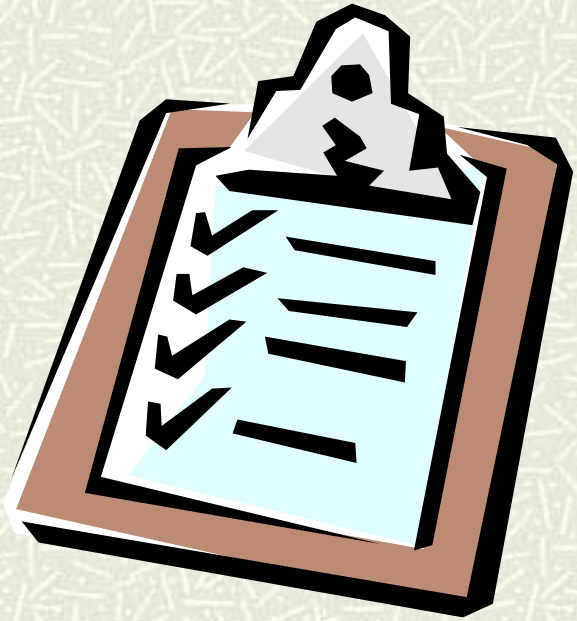
MANAGE PERFORMACE

- **Keep the team together**
- **Adjust roles and responsibilities**
- **Assign accountability for managing**

contract performance.

- **Add the contractor to the team at a formal "kick-off meeting.**
- **Regularly review performance in a contract Performance Improvement Working Group.**
- **Ask the right questions.**

CONTENTS OF LOCAL REQUIREMENTS PACKAGES



STANDARD REQUIREMENTS

- **Form 9 with at least three suggested sources**
- **Justification & Approval (J&A) if ≥$100K and not awarded competitively (AFFARS 5308.404(b)(2))**
- **Requirement written IAW AFI 63-124 with a Services Summary (SS)**
- **Performance Plan (PP)**
- **QAP Nomination Letters (at least one primary and one alternate assigned per contract)**

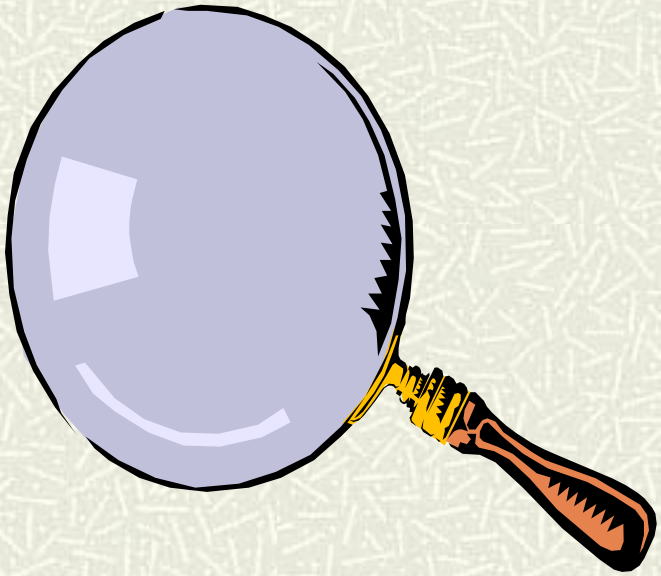
A&AS REQUIREMENTS

- **Form 9 with at least three suggested sources**
- **Justification & Approval (J&A) if ≥$100K and not awarded competitively (AFFARS 5308.404(b)(2))**
- **Decision Determination Document (DDD)**
  - **Staff Summary if over $50K**
  - **Exemptions**
- **Requirement written IAW AFI 63-124 with a (SS)**
- **Performance Plan (PP)**
- **QAP Nomination Letters (at least one primary and one alternate assigned per contract)**

GSA REQUIREMENTS

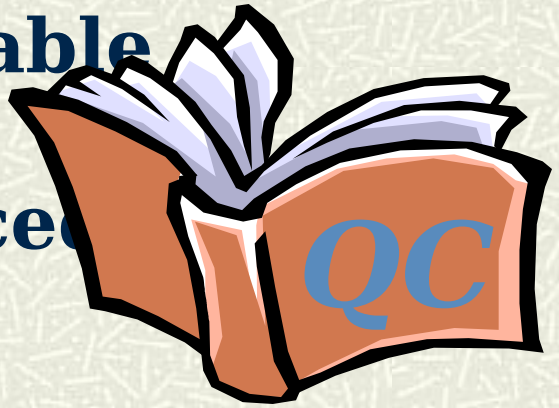
- **Form 9 with GSA Contract # and at least three suggested sources for a multi-source schedule and one source for a single-source schedule**
- **Sole Source Justification Document if ≥$100K and not awarded competitively (AFFARS 5308.404(b)(2))**
- **Requirement written IAW AFI 63-124 with a SS**
- **Performance Plan (PP)**
- **QAP Nomination Letters (at least one primary and one alternate assigned to**

QUALITY ASSURANCE POST AWARD



CONTRACTOR'S QUALITY CONTROL PLAN

- **Contractor's Plan for Assuring that the Services conform to the Requirement (Section I)**
- **Includes Inspection and Test Criteria**
- **Policies, Procedures and Practices**
- **Delivery within Allowable Tolerances**
- **Quality Planning Proce**



CONTRACT ASSESSMENT

- **Scheduling**
- **Performing**
- **Documenting**

SCHEDULING ASSESSMENTS

- **Use QA Monthly Schedule Template**
- **Schedule monthly assessments of SS items**
- **Send a copy to the CO**
- **Retain a copy for your records**

PERFORMING ASSESSMENTS

- **Perform assessments IAW procedures set forth in the PP per performance assessment guides**

- **If assessment methods need to be changed revise the PP and send copies to who has a copy of the original PP**

DOCUMENTING ASSESSMENTS

- **Document assessments as it is accomplished**
- **Use the Performance Assessment Report (PAR) Template**

UNACCEPTABLE RESULTS OF ASSESSMENTS

- **If government actions caused the unacceptable performance, take steps to prevent it in the future**
- **If not government caused inform the contractor's on-site representative**
- **Document on the Corrective Action Report (CAR) and send to the CO**
- **If the contractor disputes the results of the assessment refer them to the CO**

QAP CONTRACT FILE

- **QAP Nomination/Appointment letter**
- **QAPs Duties & Responsibilities Letter**
- **CO's Duties & Responsibilities Letter**
- **Phases I & II Training Certifica**
- **Memo for Records/Corresp**
- **Records of Inspection**
- **Discrepancy Reports**

ADDITIONAL TRAINING

- **This training serves as Phase I QAP Training**
  - **Refresher Training will be provided when changes occur**
- **Your Contract Administrator will schedule you for Phase II Training**
  - **Contract Specific Training**
  - **Training is required every time a new contract is awarded**

QUESTIONS?

- **Student Evaluations**
- **Certificates**

https://hillnet.hill.af.mil/HAFB/ALC/PK/newcontracting/Resources/QualityAssurance/QualityAssurance.asp